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SAPC 16274

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3 June 1957

This letter is written to advise you of a policy change and a procedural change in the area of Contract Administration.

In the past, as requested by us, many of you have insured shipments for a nominal amount, mainly for reasons of traceability. This cost will be accepted by the Contracting Officer. However, the Government normally is a self-insurer, and future costs for insurance will not be accepted as a project cost. You may insure at your own expense should you desire to do so.

A problem concerning spares has been brought to our attention by the Depot. It seems that certain common conponents which can be used for several types of equipment have had either a low usage factor or that we are not giving consideration to the fact that this equipment will be located at a central point. Consequently the field has forwarded a list of many items which are surplus to their uses, and the Depot is also overstocked in certain areas. Accordingly before approval will be given in the future to Spares Listings submitted by the suppliers or before revisions are made thereto by the Contracting Officer, the listing will be coordinated with the Depot. It is therefore requested that you contact the Depot in the first instance before such revisions or changes are submitted to Headquarters for approval.

Very truly yours.

